

Volunteer Quality Alert (VQA) – 2009-01 February 2, 2009
Highlights and Key Reminders:

The Recovery Rebate Credit (RRC) – Get the facts

You can eliminate errors and avoid processing refund delays when claiming the recovery rebate credit. Here's what you need to know:

Fact: Most taxpayers who filed a 2007 tax return will not receive any RRC. However, ALL taxpayers will need to provide the ESP amount as part of tax return preparation to determine if they qualify for RRC.

Fact: In order to determine the correct amount of the RRC for the 2008 tax return, the taxpayer MUST provide the amount of the ESP. This includes any offset amounts that were applied to other debts.

Fact: Those taxpayers whose 2008 tax return is different than the 2007 tax return may be entitled to a RRC. The RRC worksheet will reflect the calculation of the credit.

Fact: ESP amounts are not taxable income. ESP amounts do not show up on the tax return but are included in the RRC worksheet.

What if the taxpayer doesn't know the amount of the ESP they received during 2008?

The ESP amount can be obtained in one of three ways:

- Check the amount listed on Notice 1378, which the IRS mailed to taxpayers last year.
- Go to the [How Much Was My Stimulus Payment?](#) This is a tool that is available in English and Spanish is on the IRS website at www.irs.gov
- Call the IRS toll free at 1-866-234-2942. Select one for English, two for Spanish.

If using the IRS.gov web site or the IRS toll free number, you or the taxpayer will need the taxpayer's filing status, Social Security Number and number of exemptions from their 2007 tax return.

Why do you need to know how much ESP a taxpayer received?

TaxWise will calculate the RRC on worksheet 5 and carries the credit through to Form 1040, page 2, line 70 (line 42, Form 1040A, line 9, Form 1040EZ). It is critical volunteer preparers verify the amount of economic stimulus payment, if any, received by the taxpayer during 2008 before completing worksheet 5. Volunteers can use IRS.gov, [How much was my 2008 Stimulus Payment?](#), or contact the special IRS ESP hotline, to verify the amount of economic stimulus payment received for completion of their federal tax return.

Processing returns claiming the RRC - Once the return is accepted, both paper and e-filed returns go through an IRS batching process. During the batching process, the RRC calculations are verified. If the amount of RRC claimed on the return matches the IRS system the return is processed and the refund (if applicable) is issued. If the amount of RRC claimed on the return does not match the IRS system, the return will be sent for error resolution. **Resolution of the error could be as little as 1 to 2 days, or could take up to one week.** Preparers will not be notified if the return is sent to error resolution.

Thank you for volunteering to serve your community and for your dedication to providing top QUALITY service!

If you have any questions, please discuss with your site coordinator, email partners@irs.gov or contact your local IRS SPEC relationship manager.